

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
SSC-01 EB-08 OMB-01 TRSE-00 /076 W
-----052726 091837Z /43

R 091351Z MAY 78
FM AMEMBASSY REYKJAVIK
TO SECSTATE WASHDC 8380
INFO AMEMBASSY COPENHAGEN
AMEMBASSY OSLO
AMEMBASSY STOCKHOLM
COMICEDEFOR KEFLAVIK IC
CINCEUR VAIHINGEN GE
CINCLANT NORFOLK VA

C O N F I D E N T I A L SECTION 1 OF 2 REYKJAVIK 0618

E.O. 11652: GDS
TAGS: PINT, IC
SUBJECT: ICELAND'S MUNICIPAL ELECTIONS

SUMMARY: ICELAND'S QUADRENNIAL MUNICIPAL ELECTIONS
WILL BE HELD MAY 28. OF 22 LOCAL CONTESTS, ONLY THAT
IN REYKJAVIK WILL HAVE NATIONAL IMPLICATIONS AND
POTENTIAL IMPACT ON ALTHING (PARLIAMENTARY) ELECTIONS
TO BE HELD FOUR WEEKS LATER. MEMBERS OF INDEPENDENCE
PARTY (IP), WHICH HAS MAINTAINED ABSOLUTE MAJORITY
ON REYKJAVIK CITY COUNCIL FOR FIFTY YEARS, FEAR THAT
LACK OF POPULARITY OF GOI, IN WHICH IP IS LEADING
COALITION PARTNER, WILL COST PARTY CONTROL IN NATION'S
CAPITAL. PERCEPTION OF IP VULNERABILITY MIGHT THEN
JEOPARDIZE SIZE OF ALTHING REPRESENTATION OF NATION'S
MOST STRONGLY PRO-NATO PARTY. EMBASSY BELIEVES THAT
SINCE MUNICIPAL ELECTION MAY BE CLOSE, IP HAS
REASON FOR CONCERN, HOWEVER PARTY SHOULD STILL BE
ABLE TO CAPTURE BARE MAJORITY IN REYKJAVIK. END
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SUMMARY.

1. VOTERS WILL GO TO POLLS IN ICELAND'S TWENTY-TWO
TOWNSHIPS AND VARIOUS RURAL DISTRICTS ON MAY 28 TO
SELECT MEMBERS OF THEIR RESPECTIVE COUNCILS. UNLIKE
DATE FOR NATIONAL ELECTIONS, MUNICIPAL ELECTION DAY IS
FIXED BY LAW AS LAST SUNDAY IN MAY EVERY FOURTH YEAR.

WITH NATIONAL GOVERNMENT SERVING OUT FULL FOUR-YEAR TERM, RESULT IS THAT FOR ONLY SECOND TIME IN RECENT YEARS (PREVIOUS OCCASION WAS IN 1974), THESE TWO SETS OF ELECTIONS WILL BE HELD WITHIN SHORT PERIOD OF TIME. ALTHOUGH MANY ICELANDERS VOTE ONE WAY IN LOCAL ELECTIONS AND ANOTHER FOR ALTHING, MUNICIPAL RESULTS WILL STILL PROVIDE CLUE TO POPULAR MOOD FOUR WEEKS BEFORE NATIONAL ELECTIONS.

2. ALL EYES ARE ON ELECTION IN REYKJAVIK WHICH IS ONLY MUNICIPALITY WHOSE RESULTS MAY HAVE SIGNIFICANT IMPACT ON ALTHING CONTEST. NOT ONLY IS REYKJAVIK NATION'S CAPITAL AND MORE POPULOUS THAN OTHER 21 MUNICIPALITIES COMBINED, BUT LOSS OF CONTROL BY INDEPENDENCE PARTY, WHICH HAS GOVERNED CITY FOR HALF CENTURY WITHOUT RESORTING TO COALITION, WOULD HAVE MAJOR IMPACT ON ICELANDIC POLITICS: 1) WITHOUT CONTROL, IP, WHICH HAS GENERALLY WON MAJORITY OF COUNCIL SEATS WITH ONLY PLURALITY OF VOTE, FEARS CHANGES IN ELECTORAL SYSTEM THAT WOULD PREVENT IT FROM EVER ACHIEVING MAJORITY AGAIN: 2) PSYCHOLOGICALLY, IP VULNERABILITY IN ITS TRADITIONAL STRONGHOLD COULD THREATEN SIZE OF ITS BLOC OF ALTHING SEATS IN REYKJAVIK CONSTITUENCY: 3) PERHAPS MOST IMPORTANTLY, ANY APPARENT IP WEAKNESS IN REYKJAVIK COULD SNOWBALL AND COST PARTY VOTES THROUGHOUT COUNTRY WHEN NATIONAL ELECTIONS

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TAKE PLACE IN JUNE.

3. MEMBERS OF IP RECALL THAT IN 1974, PARTY INCREASED STRENGTH IN REYKJAVIK CAPTURING NINE RATHER THAN USUAL EIGHT SEATS ON FIFTEEN-PERSON COUNCIL BECAUSE OF UNPOPULARITY OF NATIONAL "LEFT" GOVERNMENT WHICH WAS THROWN OUT OF OFFICE ONE MONTH LATER. PRESENT GOVERNING COALITION, COMPOSED OF IP AND PROGRESSIVE PARTY (PP), IS NOT QUITE IN SAME POSITION AS ITS PREDECESSOR BUT IT DOES LACK POPULAR SUPPORT FOR MANY OF ITS POLICIES. MEMBERS OF IP ARE RESIGNED TO LOSS OF ONE SEAT ON CITY COUNCIL BUT FEAR THAT UNHAPPINESS OVER STATE OF NATIONAL ECONOMY AND POOR GOI RECORD ON FIGHTING INFLATION COULD IMPACT ON MUNICIPAL ELECTIONS AND COST IP SECOND SEAT AND THUS MAJORITY.

4. FOR MONTHS, MEMBERS OF IP HAVE SAID THAT REYKJAVIK MUNICIPAL ELECTION IS MORE IMPORTANT FOR PARTY THAN ALTHING CONTEST FOR REASONS CITED PARA 2. THEY TRIED TO CONVINCE PARTY CHAIRMAN PM GEIR HALLGRIMSSON TO MOVE UP DATE OF NATIONAL ELECTION TO DRAW HEAT FROM PARTY BEFORE MAY 28 MUNICIPAL CONTEST,

BUT HALLGRIMSSON REFUSED. NOW, HOWEVER, IP SEEMS LESS WORRIED ABOUT LOSING REYKJAVIK THAN IT DID SHORT TIME AGO. PARTY'S CAMPAIGN HAS BEEN SUCCESSFUL (SO FAR) IN DIVORCING MUNICIPAL FROM NATIONAL ISSUES. REYKJAVIK'S VERY POPULAR IP MAYOR HAS HELD SERIES OF MEETINGS AROUND CITY STRESSING EFFECTIVENESS OF LOCAL GOVERNMENT UNDER ONE-PARTY ADMINISTRATION, IMPROVED SOCIAL SERVICES, FISCAL CONSERVATISM, NEW DEVELOPMENT PROJECTS, AND OTHER CITY ISSUES.

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C O N F I D E N T I A L SECTION 2 OF 2 REYKJAVIK 0618

5. IP HAS ALSO BEEN HELPED BY DIFFICULTIES FACED BY OTHER PARTIES. PP IS ALSO TRYING TO PLAY DOWN ITS ROLE IN NATIONAL GOVERNMENT BUT HAS MORE SERIOUS PROBLEM: FOLLOWING DUMPING OF LEADING PP COUNCILMAN IN PRIMARY AS RESULT OF SCANDAL (REYKJAVIK 126 NOTAL), PARTY IS RUNNING HARD JUST TO KEEP ITS TRADITIONAL SUPPORTERS FROM DESERTING. OPPOSITION SOCIAL DEMOCRATS (SDP) LIKELY TO REGAIN THEIR SECOND COUNCIL SEAT DESPITE FACT THAT THEIR INCUMBENT HAS MANY ENEMIES: FOURTH SLATE IS FROM FAR-LEFT PEOPLE'S ALLIANCE (PA) WHICH IS ATTACKING IP MORE ON NATIONAL THAN LOCAL ISSUES. PA COULD GAIN VOTES BY BEING IN OPPOSITION ALTHOUGH ITS CAMPAIGN SHOWS NO SIGN OF CATCHING FIRE.

6. WHILE IP PROSPECTS HAVE RECENTLY IMPROVED IN

MUNICIPAL CONTEST, PARTY IS NOT TAKING ANY CHANCES.
IT IS CAUTIONING PARTY MEMBERS NOT TO BECOME
COMPLACENT AND IS PLANNING DETAILED PROGRAM TO GET
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OUT THE VOTE ON ELECTION DAY. IP REALIZES THAT
DEFEAT MAY 28 IS STILL POSSIBLE. IF IT OCCURS,
IT WILL BE SERIOUS BLOW TO PARTY HOPES FOR ALTHING
NEXT MONTH AND POSSIBLY TO LONGER-TERM STRENGTH
OF FIRMEST SUPPORTERS OF USG INTERESTS IN ICELAND
AS WELL.
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